

Sixty First Legislative Session
2009
NDPERS Bill #1

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| Bill Provisions | Explanation | |
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| A BILL for an Act to amend and reenact subsection 1 of section 54-52.1-03.2 and subsection 2 of section 54-52.1-03.3 of the North Dakota Century Code, relating to the retiree health benefits fund. | This bill increases the retiree health credit and the employer contribution to pay for the increase | |
| <p>SECTION 1. AMENDMENT. Section 54-52.1-03.2 of the North Dakota Century Code is amended and reenacted as follows:</p> <p>54-52.1-03.2. Retiree health benefits fund - Appropriation.</p> <p>1. The board shall establish a retiree health benefits fund account with the Bank of North Dakota for the purpose of prefunding and providing hospital benefits coverage and medical benefits coverage under the uniform group insurance program for retired eligible employees or surviving spouses of retired eligible employees and their dependents as provided in this chapter. The state shall contribute monthly to the retiree health benefits fund an amount equal to one <u>and fifteen hundredths</u> percent of the monthly salaries and wages of all participating members of the highway patrolmen's retirement system under chapter 39-03.1, and one <u>and fifteen hundredths</u> percent of the monthly salaries of all supreme or district court judges who are participating members of the public employees retirement system under chapter 54-52. Each governmental unit that contributes to the public employees retirement system fund under section 54-52-06 or the</p> | This section increases the employer contribution for the retiree health credit program by .15% to pay for the increase in the credit in the next section | |

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| <p>retirement plan under chapter 54-52.6 shall contribute monthly to the retiree health benefits fund an amount equal to one <u>and fifteen hundredths</u> percent of the monthly salaries or wages of all participating members of the public employees retirement system under chapter 54-52 or chapter 54-52.6, except for nonteaching employees of the superintendent of public instruction who elect to participate in the public employees retirement system pursuant to section 54-52-02.13 and employees of the state board for career and technical education who elect to participate in the public employees retirement system pursuant to section 54-52-02.14. For nonteaching employees of the superintendent of public instruction who elect to participate in the public employees retirement system pursuant to section 54-52-02.13, the superintendent of public instruction shall contribute monthly to the retiree health benefits fund an amount equal to three and one-tenth <u>one-quarter</u> percent of the monthly salaries or wages of those nonteaching employee members, beginning on the first of the month following the transfer under section 54-52-02.13 and continuing thereafter for a period of eight years, after which time the superintendent of public instruction shall contribute one <u>and fifteen hundredths</u> percent of the monthly salary or wages of those nonteaching employee members. For employees of the state board for career and technical education who elect to participate in the public employees retirement system pursuant to section 54-52-02.14, the state board for career and technical education shall contribute monthly to the retiree health benefits fund an amount equal to two and eighty-</p> | | |

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| <p> five hundredths <u>three</u> percent of the monthly salary or wages of those employee members, beginning on the first of the month following the transfer under section 54-52-02.14 and continuing thereafter for a period of eight years, after which time the state board for career and technical education shall contribute one <u>and fifteen hundredths</u> percent of the monthly salary or wages of those employee members. The employer of a national guard security officer or firefighter shall contribute monthly to the retiree health benefits fund an amount equal to one <u>and fifteen hundredths</u> percent of the monthly salaries or wages of all national guard security officers or firefighters participating in the public employees retirement system under chapter 54-52. Job service North Dakota shall reimburse monthly the retiree health benefits fund for credit received under section 54-52.1-03.3 by members of the retirement program established by job service North Dakota under section 52-11-01. The board, as trustee of the fund and in exclusive control of its administration, shall: </p> <ul style="list-style-type: none"> a. Provide for the investment and disbursement of moneys of the retiree health benefits fund and administrative expenditures in the same manner as moneys of the public employees retirement system are invested, disbursed, or expended. b. Adopt rules necessary for the proper administration of the retiree health benefits fund, including enrollment procedures. | | |

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| <p>SECTION 2. AMENDMENT. Subsection 2 of section 54-52.1-03.3 of the North Dakota Century Code is amended and reenacted as follows:</p> <p>2. The board shall calculate the allowable monthly credit toward hospital and medical benefits coverage for a person eligible under subsection 1 in an amount equal to four <u>five</u> dollars and fifty cents multiplied by the member's or deceased member's number of years of credited service under the highway patrolmen's retirement system, the public employees retirement system, the retirement program established by job service North Dakota under section 52-11-01, or the judges retirement program established under chapter 27-17. For a member of the public employees retirement system receiving an early retirement benefit or the surviving spouse of that member, or a former participating member of the defined contribution retirement plan who is receiving a periodic distribution and would not meet the normal retirement provisions of the public employees retirement system, the allowable monthly credit must be reduced by three percent if the member terminates employment within one year prior to attaining the age of sixty-five and an additional reduction factor of six percent shall apply for each year the member terminates employment prior to attaining the age of sixty-four. For a member of the highway patrolmen's retirement system receiving an early retirement benefit or the surviving spouse of that member, the allowable monthly credit must be reduced by three percent if the member terminates employment within one year prior to attaining the age of fifty-five and an additional reduction factor of six percent shall apply for each</p> | <p>This section increases the credit from \$4.50 to \$5</p> | |

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| <p>year the member terminates employment prior to attaining the age of fifty-four. For a member of the retirement program established by job service North Dakota under section 52-11-01 receiving an early retirement benefit or a discontinued service annuity under the plan provisions of that retirement program or the surviving spouse of that member, the allowable monthly credit must be reduced by three percent if the member terminates employment within one year prior to attaining the age of sixty-five and an additional reduction factor of six percent applies for each year the member terminates employment prior to attaining the age of sixty-four.</p> | | |

Sixty First Legislative Session 2009

NDPERS Bill #2

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| <p>A BILL for an Act to create and enact subsection 3 of section 39-03.1-09, and subsection 4 of section 54-52-05, of the North Dakota Century Code, relating to payment of employee contributions under the highway patrolmen's retirement plan and public employees retirement system; to amend and reenact subsection 1 of section 21-10-01, 39-03.1-08.2, subsections 8 and 9 of section 39-03.1-11, 39-03.1-11.2, subsections 6 and 9 of section 54-52-17, subsection 6 of section 54-52-17.4, 54-52-28, subsection 7 of section 54-52.1-03, and 54-52.1-03.4 of the North Dakota Century Code, relating to membership on state investment board, purchase of service credit, member benefit options, Internal Revenue Code compliance, and board elections under the highway patrolmen's retirement plan and public employees retirement system, and participation and employer payments under uniform group insurance program.</p> | <p>This bill proposes numerous technical and administrative changes for the PERS and HP retirement plans</p> | |
| <p>SECTION 1. AMENDMENT. Subsection 1 of section 21-10-01 of the North Dakota Century Code is amended and reenacted as follows:</p> <ol style="list-style-type: none"> 1. The North Dakota state investment board consists of the governor, the state treasurer, the commissioner of university and school lands, the director of workforce safety and insurance, the insurance commissioner, three members of the teachers' fund for retirement board or the board's designees who need not be members of the fund as selected by that board, and three <u>two</u> of the elected members | <p>This section proposes to modify the PERS membership on the State Investment Board to allow a non elected member of the PERS Board to serve if appointed by the PERS Board</p> | |

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| <p>of the public employees retirement system board as selected by that board, <u>and one member of the public employees retirement system board as selected by that board.</u> The director of workforce safety and insurance may appoint a designee, subject to approval by the workforce safety and insurance board of directors, to attend the meetings, participate, and vote when the director is unable to attend. The teachers' fund for retirement board may appoint an alternate designee with full voting privileges to attend meetings of the state investment board when a selected member is unable to attend. The public employees retirement system board may appoint an alternate designee with full voting privileges from the public employees retirement system board to attend meetings of the state investment board when a selected member is unable to attend. The members of the state investment board, except elected and appointed officials and the director of workforce safety and insurance or the director's designee, are entitled to receive as compensation sixty-two dollars and fifty cents per day and necessary mileage and travel expenses as provided in sections 44-08-04 and 54-06-09 for attending meetings of the state investment board.</p> | | |
| <p>SECTION 2. AMENDMENT. Section 39-03.1-08.2 of the North Dakota Century Code is amended and reenacted as follows:</p> <ol style="list-style-type: none"> 1. The fund may accept rollovers from other eligible plans under rules adopted by the board for the purchase of additional service | | |

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| <p><u>qualify for retirement benefits from another retirement system:</u></p> <p>a. <u>Except as provided in subsection 3 of section 39-03.1-10.1, up to four years of credit for active employment in the armed forces of the United States.</u></p> <p>b. <u>Employment as a permanent employee by a public employer either within or outside the state of North Dakota.</u></p> <p>c. <u>Employment as a permanent employee by the federal government.</u></p> <p>4. <u>A contributor may elect to purchase credit for the following absences for which the participating contributor is not receiving service credit:</u></p> <p>a. <u>Employer-approved leave of absence;</u> <u>or</u></p> <p>b. <u>Months away from work while participating as a seasonal employee.</u></p> <p>5. The contributor may purchase credit under this section by paying to the board an amount equal to the actuarial cost to the fund of providing the credit. The board shall adopt rules governing the purchase of additional credit under this section.</p> <p>6. The board may establish individual retirement accounts and individual retirement annuities as permitted under section 408(q) of the Internal Revenue Code to allow employees to make voluntary employee contributions. The board may adopt appropriate rules as may be necessary to implement and administer the accounts and annuities under this section.</p> <p>7. In addition to service credit identified in this section, a contributor may purchase up to five <u>ten</u> years of service credit <u>unrelated to any</u></p> | <p>This change allows a member to purchase up to ten years of service credit however the additional 5</p> | |

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| <p><u>other eligible service. Up to a maximum of five years of purchased service credit under this subsection will be recognized as service credit for the purpose of computing retirement dates under section 39-03.1-11.</u></p> <p>8. Pursuant to rules adopted by the board, the board may allow a contributor to purchase service credit with either pretax or aftertax moneys, at the board's discretion. If a contributor elects to purchase service credit using pretax moneys, the requirements and restrictions in subsection 2 of section 39-03.1-09 apply to the purchase arrangement.</p> | <p>years would not be eligible credit toward meeting the rule of 80</p> | |
| <p>SECTION 3. Subsection 3 to section 39-03.1-09 of the North Dakota Century Code is created and enacted as follows:</p> <p>3. <u>For compensation earned after August 1, 2009, all employee contributions required under subsection 1, and not otherwise paid under subsection 2, shall be paid by the state in lieu of contributions by the member. All contributions paid by the state under this subsection must be treated as employer contributions in determining tax treatment under this code and the federal Internal Revenue Code. Contributions paid by the state under this subsection must not be included as gross income of the member in determining tax treatment under this code and the Internal Revenue Code until they are distributed or made available. Contributions paid by the state in accordance with this subsection must be treated for the purposes of this chapter in the same manner and to the same extent as member contributions made</u></p> | <p>This section would authorize the payment of employee contributions to the HP plan to be paid on a pretax basis instead of an after tax basis</p> | |

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| <p>section 401(a)(31) of the Internal Revenue Code in effect on August 1, 2007 2009, as it applies for governmental plans. <u>The defined benefit dollar limitation under section 415(b)(1)(A) of the Internal Revenue Code, as approved by the legislature, shall be adjusted under section 415(d) of the Internal Revenue Code, effective January 1 of each year following a legislative session. The adjustment of the defined benefit dollar limitation under section 415(d) shall apply to participating members who have had a separation from employment, but such member's benefit payments shall not reflect the adjusted limit prior to January 1 of the calendar year in which the adjustment applies. In the event a participating member's benefit is increased by plan amendment after the commencement of benefit payments, the member's annual benefit must not exceed the defined benefit dollar limitation under section 415(b)(1)(A) of the Internal Revenue Code, as adjusted under section 415(d) for the calendar year in which the increased benefit is payable.</u></p> <p><u>If a participating member is, or ever has been, a participant in another defined benefit plan maintained by the employer, the sum of the participant's annual benefits from all such plans may not exceed the defined benefit dollar limitation under section 415(b)(1)(A) of the Internal Revenue Code. Where the participating member's employer-provided benefits under all such defined benefit plans would exceed the defined benefit dollar limitation, the benefit must be reduced to comply with section 415 of the Internal Revenue Code. Such reduction will be made pro rata between the plans, in proportion to the participating member's service in each plan.</u></p> | | |
| <p>SECTION 6. AMENDMENT. Subsection 4 of section 54-52-03 of the North Dakota Century Code is amended and reenacted as follows:</p> <p>4) Three board members must be elected by and</p> | <p>This change allows a members of the HP plan, the</p> | |

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| <p>from among the active participating members, <u>members of the retirement plan established under chapter 54-52.6, members of the retirement plan established under 39-03.1, and members of the job service North Dakota retirement plan.</u> Employees who have terminated their employment for whatever reason are not eligible to serve as elected members of the board under this subsection. Board members must be elected to a five-year term pursuant to an election called by the board. Notice of board elections must be given to all active participating members. The time spent in performing duties as a board member may not be charged against any employee's accumulated annual or any other type of leave.</p> | <p>Job Service retirement plan or the defined contribution plan to run for the PERS Board.</p> | |
| <p>SECTION 7. Subsection 4 to section 54-52-05 of the North Dakota Century Code is created and enacted as follows:</p> <p>4. <u>For compensation earned after August 1, 2009, all employee contributions required under sections 54-52-06.1 and the job service of North Dakota retirement plan, and not otherwise paid under subsection 3, shall be paid by the employer in lieu of contributions by the member. All contributions paid by the employer under this subsection must be treated as employer contributions in determining tax treatment under this code and the federal Internal Revenue Code. Contributions paid by the employer under this subsection must not be included as gross income of the member in determining tax treatment under this code and the Internal</u></p> | <p>This change will allow members of the judges retirement plan to pay the employee contributions on a pretax basis instead of an after tax basis.</p> | |

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| <p><u>Revenue Code until they are distributed or made available. Contributions paid by the employer in accordance with this subsection must be treated for the purposes of this chapter in the same manner and to the same extent as member contributions made prior to the date the contributions were assumed by the employer. The employer shall pay these member contributions from the same source of funds used in paying compensation to the employee. The employer shall pay these contributions by effecting an equal cash reduction in the gross salary of the employee. The employer shall continue making payments under this section unless otherwise specifically provided for under the agency's biennial appropriation, or by amendment to law.</u></p> | | |
| <p>SECTION 8. AMENDMENT. Subsections 6, 8, and 9 of section 54-52-17 of the North Dakota Century Code is amended and reenacted as follows:</p> <p>6. If before retiring a member dies after completing three years of eligible employment, except for supreme and district court judges, who must have completed five years of eligible employment, the board shall pay the member's account balance to the member's designated beneficiary as provided in this subsection. If the member has designated an alternate beneficiary with the surviving spouse's written consent, the board shall pay the member's account balance to the named beneficiary. If the member has named more than one primary beneficiary, the board shall pay the member's account balance to the named primary beneficiaries in the</p> | | |

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| <p>percentages designated by the member or, if the member has not designated a percentage for the beneficiaries, in equal percentages. If one or more of the primary beneficiaries has predeceased the member, the board shall pay the predeceased beneficiary's share to the remaining primary beneficiaries. If there are no remaining primary beneficiaries, the board shall pay the member's account balance to the contingent beneficiaries in the same manner. If there are no remaining designated beneficiaries, the board shall pay the member's account balance to the member's estate. If the member has not designated an alternate beneficiary or the surviving spouse is the beneficiary, the surviving spouse of the member may select a form of payment as follows:</p> <ul style="list-style-type: none"> a. If the member was a supreme or district court judge, the surviving spouse may select one of the following optional forms of payment: <ul style="list-style-type: none"> (1) A lump sum payment of the member's retirement account as of the date of death. (2) Payments as calculated for the deceased member as if the member was of normal retirement age at the date of death, payable until the spouse dies. b. The surviving spouse of all other members may select one of the following options: <ul style="list-style-type: none"> (1) A lump sum payment of the member's retirement account as | | |

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| <p>of the date of death.</p> <p>(2) Payments for sixty months as calculated for the deceased member as if the member was of normal retirement age at the date of death.</p> <p>(3) Payment of a monthly retirement benefit equal to fifty percent of the deceased member's accrued single life retirement benefits until the spouse dies.</p> <p>(4) (3) If the member dies on or after the member's normal retirement date, the payment of a monthly retirement benefit equal to an amount that would have been paid to the surviving spouse if the member had retired on the day of the member's death and had selected a one hundred percent joint and survivor annuity, payable until the spouse dies. A surviving spouse who received a benefit under this subsection as of July 31, 1995, is entitled to the higher of that person's existing benefit or the equivalent of the accrued benefit available under the one hundred percent joint and survivor provision as if the deceased member were of normal retirement age, with the increase payable beginning August 1, 1995.</p> <p>8. The surviving spouse of a member receiving</p> | <p>This change eliminates the sixty month option for the surviving spouse. It is a benefit that is little used.</p> | |

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| <p>security option, which is available only to members who retire prior to attaining the age at which they may begin to receive unreduced social security benefits.</p> <p>d. Actuarially equivalent life with ten-year or twenty-year certain options.</p> <p>e. An actuarially equivalent partial lump sum distribution option with a twelve-month maximum lump sum distribution.</p> <p>f. <u>An actuarial equivalent graduated benefit option with either a one or two percent increase.</u></p> | <p>This change adds a new optional method for receiving a benefit. It will allow a member to spread their benefit payments so they increase over time at a 1% or 2% rate.</p> | |
| <p>SECTION 9. Subsection 6 of section 54-52-17.4 of the North Dakota Century Code is amended and reenacted as follows:</p> <p>6. In addition to service credit identified in this section, a vested participating member may purchase up to five <u>ten</u> years of service credit unrelated to any other eligible service. <u>Up to a maximum of five years of purchased service credit under this subsection will be recognized as service credit for the purpose of computing retirement dates under section 54-52-17.</u></p> | <p>This change will allow member to purchase an additional 5 years of service credit however it would not be counted toward eligibility for the rule of 85.</p> | |
| <p>SECTION 10. AMENDMENT. Section 54-52-28 of the North Dakota Century Code is amended and reenacted as follows:</p> <p>54-52-28. Internal Revenue Code compliance. The board shall administer the plan in compliance with section 415, section 401(a)(9), section 401(a)(17), and section 401(a)(31) of the Internal Revenue Code in effect on August 1, 2007 <u>2009</u>, as it applies for governmental plans. <u>The</u></p> | <p>This section updates the federal compliance provisions for PERS and addresses federal requirements for dual plans</p> | |

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| <p><u>defined benefit dollar limitation under section 415(b)(1)(A) of the Internal Revenue Code, as approved by the legislature, shall be adjusted under section 415(d) of the Internal Revenue Code, effective January 1 of each year following a legislative session. The adjustment of the defined benefit dollar limitation under section 415(d) shall apply to participating members who have had a separation from employment, but such member's benefit payments shall not reflect the adjusted limit prior to January 1 of the calendar year in which the adjustment applies. In the event a participating member's benefit is increased by plan amendment after the commencement of benefit payments, the member's annual benefit must not exceed the defined benefit dollar limitation under section 415(b)(1)(A) of the Internal Revenue Code, as adjusted under section 415(d) for the calendar year in which the increased benefit is payable.</u></p> <p><u>If a participating member is, or ever has been, a participant in another defined benefit plan maintained by the employer, the sum of the participant's annual benefits from all such plans may not exceed the defined benefit dollar limitation under section 415(b)(1)(A) of the Internal Revenue Code. Where the participating member's employer-provided benefits under all such defined benefit plans would exceed the defined benefit dollar limitation, the benefit must be reduced to comply with section 415 of the Internal Revenue Code. Such reduction will be made pro rata between the plans, in proportion to the participating member's service in each plan.</u></p> | | |
| <p>SECTION 11. AMENDMENT. Subsection 7 of section 54-52.1-03 of the North Dakota Century Code is amended and reenacted as follows:</p> <p>7. If the participating employee is a teacher <u>faculty member</u> in a state charitable, penal, or educational institution who receives a salary or</p> | <p>This section applies to the PERS health plan and clarifies the meaning of teacher and that a contract can be less than 12 months instead of 9 months.</p> | |

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| <p>wages on a nine-month <u>less than a twelve-month</u> basis and has signed a contract to teach for the next ensuing school year, the agency shall make arrangements to include that employee in the insurance program on a twelve-month basis and make the contribution authorized by this section for each month of the twelve-month period.</p> | | |
| <p>SECTION 12. AMENDMENT. Section 54-52.1-03.4 of the North Dakota Century Code is amended and reenacted as follows:</p> <p><u>54-52.1-03.4 Participation by employees of certain political subdivisions and temporary employees and employees on unpaid leave of absence.</u></p> <p>An employee of a county, city, school district, district health unit, or park district that is not participating in the uniform group insurance program pursuant to section 54-52.1-03.1 and is not eligible for any other employee group health plan may elect to participate in the uniform group insurance program by completing the necessary enrollment forms and qualifying under the medical underwriting requirements established by the board. The board may use risk-adjusted premiums for individual insurance contracts to implement the provisions of this section allowing employees of a county, city, school district, district health unit, or park district to participate in the uniform group insurance program. The county, city, school district, district health unit, or park district employee participating in the uniform group insurance program under this section shall pay monthly to the board the premiums in effect for the coverage being provided. A temporary employee employed before August 1, 2007, may elect to participate in the uniform group insurance program by completing the necessary enrollment forms and qualifying under the medical underwriting requirements of the program. A temporary employee</p> | <p>This change deletes the provision that allows employees of employers that do not participate in PERS to join the health insurance plan. It is our understanding that HIPAA does not allow us to underwrite these individuals and therefore this could present opportunities for significant adverse selection against the plan.</p> | |

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| <p>employed on or after August 1, 2007, is only eligible to participate in the uniform group insurance program if the employee is employed at least twenty hours per week and at least twenty weeks each year of employment. The temporary employee or the temporary employee's employer shall pay monthly to the board the premiums in effect for the coverage being provided. <u>An employer shall also have the option of paying health or life insurance premiums for a permanent employee on an unpaid leave of absence.</u> A political subdivision, department, board, or agency may make a contribution for coverage under this section.</p> | <p>This would allow an employer to make health insurance payments for an employee on an approved leave of absence.</p> | |

Sixty First Legislative Session 2009

NDPERS Bill #3

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| <p>A BILL for an Act to create and enact subsection 7 of section 54-52-17.4 of the North Dakota Century Code, relating to purchase of service credit under the public employees retirement system; to amend and reenact section 39-03.1-10, subsection 9 of section 39-03.1-11, sections 39-03.1-11.3, 54-52-06, 54-52-17.5, 54-52-17.11, 54-52-17.13, and subsection 2 of section 54-52.6-09 of the North Dakota Century Code, relating to employer contributions, cost of living adjustments and supplemental retiree payments under the highway patrolmen's retirement system and public employees retirement system.</p> | <p>This bill provides adjustments to retirees in the PERS and HP retirement plans. Two adjustments are proposed. The first is a 13th check that would be paid if the plans rate of return and funded status reach certain benchmarks. The second is a 2% cost of living adjustment in 2011 that would be paid for by a one time, one biennium increase in employer contributions. Participation by political subdivisions in this second provision is optional.</p> <p>This bill also sets the standard HP benefit to include a 100% J&S benefit</p> | |
| <p>SECTION 1. AMENDMENT. Section 39-03.1-10 of the North Dakota Century Code is amended and reenacted as follows:</p> <p>39-03.1-10. Contributions by the state. The state shall contribute to the fund a sum equal to sixteen and seventy-hundredths percent of the monthly salary or wage of a participating member. <u>State contributions set out under this section shall increase to an amount equal to twenty-two percent from July 1, 2009, through June 30, 2011.</u> If the member's contribution is paid by the state under subsection 2 of section 39-03.1-09, the state shall contribute, in addition, an amount equal to the required member's contribution. The state shall pay the associated employer contribution for those members who elect to exercise their rights under subsection 3 of section 39-03.1-10.1.</p> | <p>This change increases the employer contributions to the HP plan from 16.7% to 22% on a one time basis for two years to pay for a 2% increase in retirement benefits is Section 3 of the bill.</p> | |

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| <p>SECTION 2. AMENDMENT. Subsection 9 to section 39-03.1-11 of the North Dakota Century Code is amended and reenacted as follows:</p> <p>9. The board shall adopt rules providing for the receipt of retirement benefits in the following optional forms:</p> <ol style="list-style-type: none"> An actuarially equivalent joint and survivor one hundred percent option. An actuarially equivalent life with ten-year or twenty-year certain options. An actuarially equivalent partial lump sum distribution option with a twelve-month maximum lump sum distribution. <p>Unless a contributor requests that the contributor receive benefits according to one of these options at the time of applying for retirement, all retirement benefits must be in the form of a lifetime monthly pension, with a <u>fifty one hundred</u> percent option to the surviving spouse.</p> | <p>This change increases the HP standard benefit to include a 100% J&S benefit. Presently the plan standard benefit includes an 50% JS benefit</p> | |
| <p>SECTION 3. AMENDMENT. Section 39-03.1-11.3 of the North Dakota Century Code is amended and reenacted as follows:</p> <p>39-03.1-11.3. Supplemental retiree benefit payment. If the board determines that the fund has obtained a total return on investments of nine and six hundredths percent or higher for the fiscal year ending June 30, 2007, or June 30, 2008, the <u>The board shall authorize an additional increase the monthly payment equal to seventy-five percent of the January retirement allowance following the fiscal yearend to each eligible retiree in pay status as of that January, including joint and survivor and term certain beneficiaries, under this chapter. The board may only make one payment under this section. individual or the individual's beneficiary receiving benefit payments</u></p> | <p>This section authorizes two increases for HP retirees.</p> <p>The first increase is a 13th check for members of the HP plan in January of 2010. If the market reaches certain thresholds, then the amount varies as follows:</p> <ul style="list-style-type: none"> The check will be 50% if the return is greater than 8% and the funded status at market is at least 105% The check will be 75% if the return is greater than 9% and the funded status at market is at | |

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| <p><u>under this chapter by two percent of the individual's present benefits with the increase payable beginning January, 2011. The board shall also authorize a one time supplemental retiree benefit to each eligible retiree in pay status as of January 1, 2010, including joint and survivor and term certain beneficiaries, based on the one of the following options:</u></p> <ol style="list-style-type: none"> <u>1. No additional payment if the board determines that the fund has obtained a total return on investments equal to, or less than, eight percent for the fiscal year ending June 30, 2009, or the highway patrolmen's retirement system funding ratio is equal to or less than a market value of one hundred and five percent.</u> <u>2. An additional payment equal to fifty percent of the January retirement allowance following the fiscal year end if the board determines that the fund has obtained a total return on investments greater than eight percent for the fiscal year ending June 30, 2009, and the highway patrolmen's retirement system funding ratio is greater than a market value of one hundred and five percent.</u> <u>3. An additional payment equal to seventy-five percent of the January retirement allowance following the fiscal year end if the board determines that the fund has obtained a total return on investments greater than nine percent for the fiscal year ending June 30, 2009, and the highway patrolmen's retirement system funding ratio is greater than a market value of one hundred and ten percent.</u> <u>4. An additional payment equal to one hundred percent of the January retirement allowance following the fiscal year end if the board determines that the fund has obtained a total return on investments greater than ten percent</u> | <p>least 110%</p> <ul style="list-style-type: none"> • The check will be 100% if the return is greater than 10% and the funded status is at least 115% • No 13th check will be paid if the return is less than 8% or the funded status is less then 105% <p>The bill also authorizes a 2% increase for HP retirees in January of 2011 which is paid for by a one time, two year increase in contributions.</p> | |
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| <p><u>for the fiscal year ending June 30, 2009, and the highway patrolmen's retirement system funding ratio is greater than a market value of one hundred and fifteen percent.</u></p> | | |
| <p>SECTION 4. AMENDMENT. Section 54-52-06 of the North Dakota Century Code is amended and reenacted as follows:</p> <p>54-52-06. Employer's contribution to retirement plan. Each governmental unit shall contribute an amount equal to four and twelve-hundredths percent of the monthly salary or wage of a participating member. <u>Employer contributions set out under this section shall increase to an amount equal to five and twenty-five hundredths percent from July 1, 2009, through June 30, 2011.</u> For those members who elect to exercise their rights under section 54-52-17.14, the employing governmental unit, or in the case of a member not presently under covered employment the most recent employing governmental unit, shall pay the associated employer contribution. If the employee's contribution is paid by the governmental unit under subsection 3 of section 54-52-05, the employer unit shall contribute, in addition, an amount equal to the required employee's contribution. Each governmental unit shall pay the contribution monthly, or in the case of an election made pursuant to section 54-52-17.14 a lump sum, into the retirement fund from its funds appropriated for payroll and salary or any other funds available for these purposes. Any <u>A</u> governmental unit failing to pay the contributions monthly, or in the case of an election made pursuant to section 54-52-17.14 a lump sum, is subject to a civil penalty of fifty dollars and, as interest, one percent of the amount due for each month of delay or fraction thereof after the payment became due. In lieu of assessing a civil penalty or one percent per month, or both, interest at the actuarial rate of return may be assessed for each month the contributions are delinquent. If contributions are paid within ninety days of</p> | <p>\</p> <p>This change increases the employer contributions to the HP plan from 4.12% to 5.25% on a one time basis for two years to pay for a 2% increase in retirement benefits is Section 5 of the bill.</p> | |

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| <p>the date they became due, penalty and interest to be paid on delinquent contributions may be waived. An employer is required to submit contributions for any past eligible employee who was employed after July 1, 1977, for which contributions were not made if the employee would have been eligible to become vested had the employee participated and if the employee elects to join the public employees retirement system. Employer contributions may not be assessed for eligible service that an employee has waived pursuant to subsection 1 of section 54-52-05. The board shall report to each session of the legislative assembly the contributions necessary, as determined by the actuarial study, to maintain the fund's actuarial soundness.</p> | | |
| <p>SECTION 5. AMENDMENT. Subsection 7 to section 54-52-17.4 of the North Dakota Century Code is created and enacted as follows:</p> <p><u>7. Any member who possesses vested employer contributions in accordance with 54-52-11.1 may purchase one month of service credit for each year of vested employer contributions at termination of employment. The employee shall pay nine and twelve hundredths percent of salary for a purchase made under this subsection. Purchases under this subsection shall be limited to two years of service credit. Service credit purchased under this subsection will not be recognized as service credit for the purpose of computing retirement dates under section 54-52-17.</u></p> | <p>This provision allows a member who has engaged in supplemental retirement savings to purchase service in PERS at a fixed rate of 9.12%. The amount to be purchased is limited to 2 years and does not apply to eligibility for the rule of 85.</p> <p>The purpose of this provision is provide an additional incentive for employees to save for retirement.</p> | |
| <p>SECTION 6. AMENDMENT. Section 54-52-17.5 of the North Dakota Century Code is amended and reenacted as follows:</p> <p>54-52-17.5. Postretirement adjustments. An individual or the individual's beneficiary who, on July 31, 2004 <u>January 1, 2011</u>, is receiving retirement benefits under</p> | <p>This section increases retiree benefits on January</p> | |

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| <p>subdivision a, c, d, or e of subsection 4 of section 54-52-17 is entitled to receive an increase in benefits equal to six <u>two</u> percent of the individual's present benefits with the increase payable beginning August 1, 2004 <u>January, 2011</u>. <u>Participation by political subdivision employers under this section shall be optional, at the discretion of each political subdivision. If a political subdivision employer chooses not to participate under this section, the employer contribution will not increase during the period from July 1, 2009, through June 30, 2011, as provided under 54-52-06, and the retirees and beneficiaries of the political subdivision will not receive increased benefits under this section. A political subdivision employer election to participate under this section must be made on or before July 1, 2009, if no election is made by the above referenced date, the employer will be presumed to have made an election to not participate.</u></p> | <p>of 2011 by 2% and allows political subdivisions participating in PERS to determine if they want to increase their contributions for 2 years to pay for an increase for their retirees. If they choose not to participate their retirees will not get the 2% adjustment.</p> | |
| <p>SECTION 7. AMENDMENT. Section 54-52-17.11 of the North Dakota Century Code is amended and reenacted as follows:</p> <p>54-52-17.11. Judges postretirement adjustments. A supreme or district court judge or that person's beneficiary who, on December 31, 2007 <u>January 1, 2011</u>, is receiving retirement benefits under subdivision b of subsection 4 of section 54-52-17, is entitled to receive an increase in benefits equal to two percent of the individual's present benefits with the increase payable beginning January 1, 2008. A supreme or district court judge or that person's beneficiary who, on December 31, 2008, is receiving retirement benefits under subdivision b of subsection 4 of section 54-52-17, is entitled to receive an increase in benefits equal to two percent of the individual's present benefits with the increase payable beginning January 1, 2009 <u>January, 2011</u>. The increases allowed by this section may only be given if the public employees retirement board determines there is actuarial margin sufficient to pay the</p> | <p>This section allows judges to get a 2% increase in benefits in January 2011 if there is sufficient margin in the system to pay for the increase</p> | |

increases.

SECTION 8. AMENDMENT. Section 54-52-17.11 of the North Dakota Century Code is amended and reenacted as follows:

54-52-17.13 Supplemental retiree benefit payment. ~~If the board determines that the fund has obtained a total return on investments of nine and six hundredths percent or higher for the fiscal year ending June 30, 2007, or June 30, 2008, the board shall authorize an additional payment equal to seventy-five percent of the January retirement allowance following the fiscal yearend to each eligible retiree in pay status as of that January, excluding judicial retirees and beneficiaries, but including joint and survivor and term certain beneficiaries, under this chapter. The board may only make one payment to each retiree under this section. The board shall authorize a one time supplemental retiree benefit to each eligible retiree in pay status as of January 1, 2010, including judicial retirees and beneficiaries, and also including joint and survivor and term certain beneficiaries, based on the one of the following options:~~

1. No additional payment if the board determines that the fund has obtained a total return on investments equal to, or less than, eight percent for the fiscal year ending June 30, 2009, or the public employees retirement system funding ratio is equal to or less than a market value of one hundred and five percent.
2. An additional payment equal to fifty percent of the January retirement allowance following the fiscal yearend if the board determines that the fund has obtained a total return on investments greater than eight percent for the fiscal year ending June 30, 2009, and the public employees retirement system funding ratio is greater than a market value of one hundred and five percent.

The section authorizes a 13th check for members of the PERS plan in January of 2010. If the market reaches certain thresholds, the amount varies as follows:

- The check will be 50% if the return is greater than 8% and the funded status at market is at least 105%
- The check will be 75% if the return is greater than 9% and the funded status at market is at least 110%
- The check will be 100% if the return is greater than 10% and the funded status is at least 115%
- No 13th check will be paid if the return is less than 8% or the funded status is less than 105%

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| <p>3. <u>An additional payment equal to seventy-five percent of the January retirement allowance following the fiscal yearend if the board determines that the fund has obtained a total return on investments greater than nine percent for the fiscal year ending June 30, 2009, and the public employees retirement system funding ratio is greater than a market value of one hundred and ten percent.</u></p> <p>4. <u>An additional payment equal to one hundred percent of the January retirement allowance following the fiscal yearend if the board determines that the fund has obtained a total return on investments greater than ten percent for the fiscal year ending June 30, 2009, and the public employees retirement system funding ratio is greater than a market value of one hundred and fifteen percent.</u></p> | | |
| <p>SECTION 9. AMENDMENT. Subsection 2 of section 54-52.6-09 of the North Dakota Century Code is amended and reenacted as follows:</p> <p>2. The employer shall contribute an amount equal to four and twelve hundredths percent of the monthly salary or wage of a participating member. <u>Employer contributions set out under this section shall increase to an amount equal to five and twenty-five hundredths percent from July 1, 2009, through June 30, 2011.</u> If the employee's contribution is paid by the employer under subsection 3, the employer shall contribute, in addition, an amount equal to the required employee's contribution. The employer shall pay monthly such contribution into the participating member's account from its funds appropriated for payroll and salary or any other funds available for such purposes. If</p> | <p>This section authorizes the same increase in employer contributions for members of the defined contribution plan also as a one time, two year adjustment.</p> | |

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| <p>the employer fails to pay the contributions monthly, it is subject to a civil penalty of fifty dollars and, as interest, one percent of the amount due for each month of delay or fraction thereof after the payment became due.</p> | | |
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Sixty First Legislative Session 2009

NDPERS Bill #4

LC #

| Bill Provisions | Explanation | |
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| A BILL for an Act to amend and reenact section 54-52.1-02 of the North Dakota Century Code, relating to non-Medicare retiree insurance rates. | | |
| <p>SECTION 1. AMENDMENT. Section 54-52.1-02 of the North Dakota Century Code is amended and reenacted as follows:</p> <p>54-52.1-02. Uniform group insurance program created – Formation into subgroups. In order to promote the economy and efficiency of employment in the state's service, reduce personnel turnover, and offer an incentive to high-grade men and women to enter and remain in the service of state employment, there is hereby created a uniform group insurance program. The uniform group must be composed of eligible and retired employees and be formed to provide hospital benefits coverage, medical benefits coverage, and life insurance benefits coverage in the manner set forth in this chapter. The uniform group may be divided into the following subgroups at the discretion of the board:</p> <ol style="list-style-type: none"> 1. Medical and hospital benefits coverage group consisting of active eligible employees and retired employees not eligible for Medicare. In determining premiums for coverage under this subsection for retired employees not eligible for Medicare, the rate for a non-Medicare retiree single plan is one hundred fifty <u>twenty-five</u> percent of the active member single plan rate, the rate for a non-Medicare retiree family | <p>The proposed change in this section reduces the rate for premedicare retirees by changing the difference in the premedicare single to active single from 150% to 125%. This change also reduces the premedicare family rate.</p> | |

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| <p>plan of two people is twice the non-Medicare retiree single plan rate, and the rate for a non-Medicare retiree family plan of three or more persons is two and one-half times the non-Medicare retiree single plan rate.</p> <ol style="list-style-type: none"> 2. Retired Medicare-eligible employee group medical and hospital benefits coverage. 3. Active eligible employee life insurance benefits coverage. 4. Retired employee life insurance benefits coverage. 5. Terminated employee continuation group medical and hospital benefits coverage. 6. Terminated employee conversion group medical and hospital benefits coverage. 7. Dental benefits coverage. 8. Vision benefits coverage. 9. Long-term care benefits coverage. 10. Employee assistance benefits coverage. 11. Retired Medicare-eligible employee group prescription drug coverage. | | |
| <p>SECTION 2. EXPIRATION DATE - SUSPENSION. This Act is effective through June 30, 2011, and after that date is ineffective. North Dakota Century Code section 54-52.1-02 is suspended from the effective date of this act through June 30, 2011. Section 54-52.1-02 as it existed on the day before the effective date of this Act will become effective as of July 1, 2011.</p> | <p>This provision set an expiration date which means if this bill is passed it would only be effective for one biennium.</p> | |